

Headquarters
United States Army, Europe, and Seventh Army
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*USAREUR Regulation 215-5

Morale, Welfare, and Recreation

Nonappropriated Funds Accounting Policy and Reporting Procedures

For the Commander:

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Supplementation. Commanders will not supplement this regulation without Commanding General, USAREUR/7A (AEAF-C-FAD-A), approval.

Forms. This regulation prescribes the AE forms listed in appendix A of this regulation. Only -R forms may be reproduced locally on 8½- by 11-inch paper through the servicing forms management office. Other forms will not be reproduced; they will be ordered by the unit or organization publications officer from the United States Army Printing and Publications Center, Europe, or as stated in the prescribing directive.

Suggested Improvements. The proponent of this regulation is the Office of the Staff Finance and Accounting Officer, HQ USAREUR/7A (AEAF-C-FAD-A, 379-7575). Users may send suggestions to improve this regulation on DA Form 2028 (Recommended Changes to Publications and Blank Forms) to the Commander, USAREUR/7A, ATTN: AEAF-C-FAD-A, Unit 29001, APO AE 09007.

Summary. This regulation provides policy and procedures to ensure records and forms for nonappropriated fund instrumentality (NAFI) accounting are established and maintained uniformly in USAREUR.

Applicability. This regulation applies to nonappropriated fund central accounting divisions and NAFIs performing accounting internally in USAREUR.

Distribution. Distribute according to DA Form 12-88-E, block 0290, command-level C.

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*This regulation supersedes USAREUR Regulation 215-5, 23 May 1991. It also rescinds AE Forms 215-5G-R, 1 May 1991; 215-5J-R, 1 March 1988; 215-5K-R, 1 March 1988; and 215-5X-R, 1 March 1988.

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SECTION I GENERAL

1. PURPOSE

This regulation provides policy and procedures to ensure nonappropriated fund (NAF) accounting records and forms are established and maintained uniformly in USAREUR.

2. REFERENCES

Appendix A lists references.

3. EXPLANATION OF ABBREVIATIONS

The glossary explains abbreviations used in this regulation.

4. RESPONSIBILITIES

a. General responsibilities are prescribed by DOD 7000.14-R, volume 13 (Financial Management Regulation—Nonappropriated Funds Policy and Procedures). Additional specific responsibilities are in this regulation.

b. This regulation applies to nonappropriated fund instrumentalities (NAFIs) that operate in USAREUR, excluding chaplain funds and the Army and Air Force Exchange Service. The USAREUR morale, welfare, and recreation (MWR) one-fund will appoint assistant managers, deputy assistant managers, limited assistant managers, and deputy limited assistant managers. The references to fund manager in this regulation apply to the one-fund-appointed managers within the limits of their appointment orders, or separately appointed fund managers for other NAFIs.

SECTION II POLICY AND PROCEDURES

5. EXCEPTIONS

Commanders will send requests for exceptions to DOD 7000.14-R, volume 13, and this regulation to the Commander, USAREUR/7A, ATTN: AEAFC-FAD-A, Unit 29001, APO AE 09007.

6. UNAUTHORIZED PURCHASES FOR APPROPRIATED FUND ACTIVITIES

a. Appropriated funds (APFs) cannot be used to reimburse NAFs. The only APFs authorized to NAFs are those in payment of an APF contract. These contracts, either sole-source or competitive, must be executed through the APF-procurement process. Use of DD Form 448 (Military Interdepartmental Purchase Request) is not authorized for contracting from APF to NAF activities. MWR goods or services authorized APF procurement must be procured using APF contracting procedures.

b. Before signing a disbursement voucher, central accounting officers (CAOs) must ensure the check is being issued in payment of a valid NAF obligation for an authorized purpose. If the obligation does not meet the NAF authorization criteria prescribed in AR 215-1, payment will be withheld pending legal review by the servicing staff judge advocate.

7. STATEMENT OF FUND TRANSFER

Outgoing CAOs will prepare a NAF CAO statement of fund transfer. The outgoing and incoming CAOs will sign the fund transfer and file it according to AR 25-400-2. Appendix B provides a sample fund transfer format.

8. CAO RESPONSIBILITIES

CAO responsibilities are prescribed by DOD 7000.14-R, volume 13. CAOs will provide fund managers complete and unlimited access to financial data and supporting documents pertaining to fund activities. Additionally, USAREUR CAOs will ensure—

a. Incoming documents are date-stamped when received and controlled documents are logged.

b. Transmittal letter (TL) discrepancies are identified promptly and timely followup is performed.

c. Vouchers (including petty cash vouchers and supporting documents) are stamped "paid". The check number and date will be written on the disbursement voucher after payment is approved and the check is signed.

d. Check payments are distributed directly to payees by mail, in person, or to a third party authorized to pick up payment. Payment by electronic funds transfer is also authorized.

e. Late document submission reports (grouped by age) are prepared monthly for TLs, AE Forms 215-5W-R (Daily Activity Record (DAR)), purchase orders, resale inventories, and receiving reports by location code. Monthly reports also will be prepared that list missing controlled forms. Reports will be submitted to the fund manager not later than 17 workdays after the end of the accounting period.

f. Preliminary location-level income statements are reviewed by division chiefs or activity managers in coordination with the fund manager. Preliminary income statements will be provided to management not later than 6 workdays after receipt of final documents. Discrepancies will be corrected before issuing final statements unless such corrections will delay issuance.

g. Active and inactive DD Form 577 (Signature Card) files are maintained. A DD Form 577 is required to document, petty cash, change fund, and receiving report signature authorities. An alternative form that accomplishes the same purpose as the DD Form 577 (for example, an appointment letter) may also be used. Regardless of the form used, the following procedures apply:

(1) DD Form 577 will be updated when personnel change.

(2) Inactive DD Form 577 files will be maintained for audit purposes.

h. Accounts receivable are written-off every month if no collection has been made in the previous 12 months. The NAFI fund manager and area support group (ASG) commander will be informed in writing of the write-offs.

i. Check-signing authority is delegated in writing, when warranted. The authority document will be filed according to AR 25-400-2.

j. Required disinterested inventories are scheduled. Disinterested inventory records and documents are filed together in a central accounting division (CAD) permanent file according to AR 25-400-2.

k. Signed copies of merchandise and supply inventory statements and fixed asset inventory statements are sent to fund managers and chiefs of services divisions, after an inventory is completed and reconciled.

l. NAF temporary duty (TDY) claims are processed promptly by the CAD and are paid within 10 workdays of receipt by the CAD.

m. Cash counts are conducted every 3 months and results are submitted to the CAD and reconciled to the appropriate subsidiary ledger. Cash counts will be conducted by the financial management division (FMD) or as designated by a fund manager. The CAD will evaluate change and petty cash fund levels every year to determine if amounts are appropriate, and will advise fund managers of recommended changes.

n. Detailed subsidiary ledgers with supporting documents are maintained for all balance sheet general ledger account codes (GLACs).

9. FUND MANAGER RESPONSIBILITIES

Fund manager responsibilities are prescribed by AR 215-1 and DOD 7000.14-R, volume 13. Additionally, fund managers will—

a. Ensure that DARs, purchase orders, receiving reports, delivery tickets, merchandise and supply inventory statements, and other supporting documents are sent to the CAD. TLs, which will be sequentially numbered, will be used to transmit these documents (for example, AE Form 215-5B-R (Transmittal Letter for Submission of Accounts Payable Documents), AE Form 215-5C-R (Transmittal Letter for Submission of Daily Activity Reports/Miscellaneous Documents)). Managers must submit documents to the CAD within 2 workdays of the transaction. CADs must receive the documents within 3 workdays of the transaction.

b. Send invoices received in error by activities to reach the CAD not later than 2 workdays after receipt.

c. Send a copy of the purchase order and a written request for advance payment to the CAD when an advance payment to a vendor is necessary. Purchase orders must authorize advance payment.

d. Prenumber and secure forms (para 11) that require control before issuing them to activities.

e. Explain discrepancies between actual and expected revenues from amusement machine collections (for example, meter readings). The department manager and contractor will sign and attach the explanation to the DA Form 4083-R (Vending or Amusement Machine Collections).

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f. Ensure that preliminary income statements have been reviewed for accuracy and completeness by division chiefs or activity managers. This requirement must not delay financial statement publication. The CAD must provide statements to the fund manager in advance (within 6 workdays of receipt of final document) to avoid delay in publication. If agreement on review dates cannot be reached, financial statements will be published without review by the fund manager and footnoted with appropriate explanatory remarks.

g. Provide the CAD with a DD Form 577 (or similar format) to document petty cash, change fund, and receiving report signature authorities. DD Forms 577 must be renewed when signature authority changes.

h. Request write-off of accounts-receivable balances that are not collectible.

i. Ensure activity managers do inventories before changing handreceipt holders.

10. GLAC AND STANDARD CODING STRUCTURE

Only DOD and DA established department codes will be used. CAOs and fund managers must comply with the prescribed department codes in AR 215-1, table F-4, and the prescribed program codes in AR 215-1, table F-3. Requests for new codes will be submitted to the Commander, USAREUR/7A, ATTN: AEAFC-FAD-A, Unit 29001, APO AE 09007. Transactions will be recorded in the department and program codes that best describe the nature of the transaction in relation to the basic mission of the activity involved.

11. FORMS

a. The forms listed below will be prenumbered and issued by fund managers and controlled by the CAD. Control by the CAD will include logging the receipt of each form and notifying fund managers in writing of any missing documents at least once a month. Fund managers will notify the CAD of forms they have issued.

(1) DA Form 1992 (Nonappropriated Fund Receipt Voucher) or similar sequentially numbered cash receipt document will be used to record receipt of cash when an organization does not use a cash register, an AE Form 215-5M-R (Nonappropriated Fund Collection Record), or other method approved by the Office of the Staff Finance and Accounting Officer (OSFAO), HQ USAREUR/7A, for cash-receipt recording.

(2) DA Form 4083-R will be prepared when cash is removed from a fund-owned or concessionaire-owned vending or amusement machine.

(3) DA Form 5069 (Employee Meal Register) will be used to record sales of meals to employees.

(4) AE Form 215-5M-R will be used to record multiple cash collections when a cash register is not available, when use of DA Form 1992 or similar receipt voucher is impractical, or when an individual's signature is required. The form must be prepared in ink. Any crossed-out or voided entries must be individually approved by the manager on duty.

(5) AE Form 215-5N-R (Nonappropriated Fund Bingo Activity Report) will be used by department managers to summarize transactions for bingo events.

(6) AE Form 215-5O-R (Nonappropriated Fund Record of Currency Conversion) will be used to record transactions converting dollars to a foreign currency. Conversion of a foreign currency to U.S. dollars is not authorized.

(7) AE Form 215-5Y-R (Nonappropriated Fund Requisition and Invoice/Shipping Document/Transfers Between Activities) or DA Form 4080 (Transfers Between Activities) will be used to record transfers of goods, services, or labor costs between activities within the same NAFI.

(8) Party contract forms will be used to identify goods and services delivered to individuals and to supplement APF contracts.

(9) Guesthouse registration folios will be used to register guests and as a registration invoice.

b. Activities will prepare DARs for each day of operation. The report will be in a format prescribed by the servicing CAD after consultation with fund managers. If the weekly volume of business is \$500 or less, activities may prepare and submit DARs weekly. If DARs are submitted weekly, a report is still required on the last business day of each month. The DAR is not a controlled form, but it will be sequentially numbered by the preparing activity. The CAD will log DARs as they are received.

c. A DA Form 4082 (Daily Cashier's Record) or equivalent local form with required signatures is mandatory for all activities. Activities will submit a DA Form 4082 for each cashier, along with cash register tapes, cash receipt vouchers, sales slips, guest checks, cash collection sheets, and other relevant documents to the CAD.

d. A DA Form 1994 (Petty Cash Voucher) will be used to document each petty cash transaction. This form will be sequentially numbered. The forms, including forms that are void, will be accounted for by the petty cash custodian and submitted to the CAD, along with supporting documents, for

reimbursement. The CAD need not maintain control logs for DA Form 1994.

e. The forms in (1) through (6) below are required at bowling centers for NAF accounting purposes when transactions are not recorded on a cash register or an automated system. Forms (1), (3), (5), and (6) will be prenumbered by the fund manager and controlled by the CAD.

(1) AE Form 215-5M-R.

(2) AE Form 215-5S-R (Monthly Bowling Activity Report).

(3) AE Form 215-5T-R (Locker Rental Control Card).

(4) AE Form 215-5U-R (Manager's Daily Sales Report).

(5) AE Form 215-5V-R (Scoresheet Register).

(6) AE Form 215-5Z-R (Shoe Signature Register).

f. Activities will submit documents to the CAD on sequentially numbered TLs. The CAD will maintain control logs to ensure that all sequentially numbered TLs have been received before closing for the month. AE Form 215-5B-R and AE Form 215-5C-R may be used for the transmission of documents. The use of these forms is not mandatory. Locally generated TLs designed by the CAD in consultation with fund manager are acceptable. Documents arriving at the CAD without a TL will be returned to the originating activity. The CAD will use TLs to transmit documents and reports to serviced activities.

12. FINANCIAL STATEMENTS AND SUPPORTING SCHEDULES

a. Financial statement footnotes are mandatory to explain—

(1) Balances that differ from the normal account balance for current months.

(2) Errors or differences in reported balances.

(3) Write-offs of material amounts.

(4) Retained-earnings adjustments based on written approval for previous-year errors.

(5) Retained-earnings adjustments based on approved inter-NAFI asset transfers.

(6) Changes in contributed capital.

(7) Entries to miscellaneous revenue or expense GLACs.

(8) Prior-year income and expenses that have been approved for recording in program code RP (Fund Administration).

(9) Schedule of additions to fixed asset accounts to include individual capital purchase and minor construction (CPMC) line-item numbers.

b. Activities will send financial statement footnotes to fund managers and to the OSFAO, HQ USAREUR/7A, ATTN: AEAFC-FAD-A, Unit 29001, APO AE 09007. Footnotes are due not later than the 25th of each month following the end of the month reported. If the 25th of the month is a non-duty day, footnotes will be due the following workday.

c. Data tapes containing monthly financial data for NAF activities will be provided to the Office of the Deputy Chief of Staff, Personnel (ODCSPER), HQ USAREUR/7A, and the Accounting Policy Division, OSFAO, not later than the 25th of the month following the end of the accounting period.

d. The Accounting Policy Division, OSFAO, will perform a quality analysis of the financial statements of each NAF activity at least twice a year. CADs will provide a complete set of financial statements and subsidiary ledgers to the Accounting Policy Division, OSFAO, based on the published schedule.

13. NAF REPORTING REQUIREMENTS

a. DOD 7000.14-R, volume 13, appendix A, chapter 10, provides reporting requirements and submission dates for CADs. The OSFAO will provide the cutoff date for the December financial statements in time to be included in the yearly NAF-budget guidance.

b. CADs will prepare a narrative analysis of financial statements.

14. CHECKS, CASH, AND INVESTMENT CONTROLS

a. **Multicopy checks.** CADs will—

(1) Use multicopy checks for payments.

(2) Send a copy of each check to the appropriate NAF procurement office to be included in the contract files as proof of payment (necessary to close contract files).

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b. Refunds.

(1) The fund manager is authorized to establish separate petty cash funds to provide refunds to customers. Petty cash funds established for refunds will not exceed a 30-day requirement. A written authorization by the fund manager for a refund petty cash fund must be on file for audit and unannounced cash counts.

(2) Activity managers may refund customers from daily cash receipts for amounts not to exceed \$50. Refunds over \$50 will be paid by check rather than from daily receipts or the refund petty cash fund. Refunds must be properly documented and receipted. Local commanders may authorize a higher amount for cash refunds.

(3) Refunds for charge sales will be made as a credit to the charge account. Refunds for credit card sales will be made by credit card credit memo. Refunds for cash and check sales may be made without a holding period.

(4) The amount of each refund must be shown on the cashier's reports and the DAR. The CAD will record the gross sale from the DAR and debit the appropriate GLAC shown on the refund voucher.

c. Petty Cash and Change Funds. Information copies of quarterly unannounced cash counts of petty cash funds, change funds, and bingo funds performed by the FMD or other designee will be submitted to the CAD with the next DAR.

d. USAREUR Central Banking and Investment Program.

(1) CADs should reconcile bank accounts before preparing final accounting reports for each month. If the bank statement is not received before preparation of final statements, the CAD will complete reconciliation within 40 calendar days after the end of the accounting period. CADs will provide a copy of bank reconciliations to the fund manager.

(2) NAF checking accounts that are opened or closed will be reported in writing to the Commander, USAREUR/7A, ATTN: AEAGA-RAF, Unit 29351, APO AE 09014.

(3) The USAREUR one-fund manager will authorize NAF bank accounts operated under the one-fund.

(4) CADs must maintain—

(a) One bank account for all dollar transactions and one bank account for all foreign currency transactions.

(b) A separate bank account for value-added tax (VAT) transactions. Two separate bank accounts (dollar and foreign currency) or one account for both dollar and foreign currency transactions are required for one-stop VAT processing, if that service is provided.

(5) The fund manager (or one-fund assistant managers), in cooperation with the CAD, will provide documentation for unidentified deposits within 30 calendar days of receipt of the bank reconciliation.

(6) Checks will not be issued in excess of the operating cash balance in any checking account. The funds in these accounts will be transferred to the One-Fund community bank master operating account daily.

e. Advance Payments.

(1) The CAD will make advance payments to vendors only if vendors will not do business without advance payment.

(a) Before making an advance payment, the chief, FMD, must give the CAD a copy of DA Form 4067-R (Order for Supplies or Services/Request for Quotations (NAF)) and a written request for advance payment. In addition, a statement that advance payment is authorized must be in the terms of the purchase order.

(b) The CAD will issue a check payable to the vendor and record the amount in GLAC 140 (Miscellaneous Other Receivables).

(c) The CAD must receive the receiving report and any other supporting documents not later than 3 workdays after receipt of goods or services in order to clear the advance.

(d) The CAD will not issue advance payment checks to any activity that has failed to clear a previous advance.

(2) Advance payment may be made to cover the entire subscription period for subscriptions to periodicals.

(a) Activities will send DA Form 4067-R and a document supporting the subscription cost to the CAD with a written request for advance payment.

(b) The CAD will make the check payable to the distributor of the periodical.

(c) Activities will send a receiving report on receipt of the first subscription issue. The CAD must receive the receiving report not later than 3 workdays after receipt of the first issue in order to clear the advance. Receiving reports for other than the first issue of the subscription are not required.

(d) Activities must notify the CAD if a subscription is canceled by the NAFI or the vendor.

f. Authority To Sign NAF Checks.

(1) Commanders responsible for NAF accounting or their designated representatives will authorize in writing, persons to sign NAF checks. CAOs and designated alternatives are authorized to sign NAF checks. Only CAOs can designate alternates.

(2) One-stop processing for VAT relief has increased the number of persons authorized to sign NAF checks. Persons authorized to sign NAF checks must—

(a) Be general schedule (GS)-5 or nonappropriated fund NF-3 equivalent or higher.

(b) Be bonded.

(c) Not prepare vouchers or checks, maintain cash receipt and disbursement records, or reconcile bank accounts.

(d) Not have a criminal record.

15. ASSET CONTROLS, POLICIES, AND PROCEDURES

a. Claims Receivable. Fund managers must notify the CAD if a loss of NAF resources will result in a Risk Management Program claim. Fund managers will provide a Community and Family Support Center Form 8 (Claim Acknowledgement/Request For Documents) with other supporting documents as notification. On receipt of the required documents, the CAD will establish GLAC 127 (Claim Receivable). The receivable will be in the amount of the claim, less any deductible. The following are instructions to account for claims:

(1) Fixed Asset Claims.

(a) CADs will record the deductible for a fixed asset that has been lost or destroyed in GLAC 827 (Loss or Gain on Disposal of Fixed Assets). Concurrent with the write-off of the fixed asset and the recording of the claims receivable, any gain or loss will be recorded in GLAC 827.

(b) If a fixed asset is damaged but will be repaired, the deductible will be recorded in GLAC 827. Funds received in settlement of the claim will be applied to the repair costs first. Any remaining funds will be recorded in GLAC 827.

(c) If a fixed asset is damaged but will not be repaired, the entire settlement amount will be recorded in GLAC 827, program code RP.

(2) Claims Other Than Fixed Assets.

(a) For assets other than cash, CADs will record the deductible in GLAC 799 (Miscellaneous Operating Expense). A loss on an asset claim will also be recorded in GLAC 799. For a claim involving loss of cash, the deductible will be recorded in GLAC 739 (Cash Shortage Expense). Any loss on a cash claim will also be recorded in GLAC 739.

(b) For gains on a claim, CADs will offset the gain against the replacement or repair cost with any remaining cost recorded in GLAC 599 (Miscellaneous Other Operating Income). If there will be no replacement or repair costs the entire amount of the claim will be recorded in GLAC 599. These instructions also apply to expensed items that will not be repaired or replaced.

(c) In recording the entries in (a) and (b) above, the offset to GLAC 127 for repair or replacement costs will generally be GLAC 240 (Miscellaneous Other Payables). Repair or replacement costs will be offset against GLAC 240 as they are incurred.

b. Resale Merchandise. Resale merchandise removed from inventory and used in a department's operation will be debited to the appropriate expense account with a credit to GLAC 416 (Other Inventory Reductions). Resale merchandise will be inventoried immediately after the close of business on the last day of each accounting period. Material write-offs resulting from resale inventories must be footnoted on financial statements.

c. Fixed Assets.

(1) Property Items.

(a) Property purchases must have a unit cost of \$1,000 or more and a useful life of 2 years or more to be classified as fixed assets. (Bulk-purchase fixed assets as detailed in DOD 7000.14-R, volume 13, paragraph A040402A, are not applicable in USAREUR.) Property purchases of like items that do not have a unit cost of \$1,000 or more, but that otherwise meet the criteria of fixed assets, including a total cost of \$1,000, may be recorded in GLAC

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160 (Miscellaneous Other Prepaid Expenses). The cost may be amortized over a period not to exceed 24 months. The amortization schedule will be established to ensure that the monthly amortization is at least \$100 for each line item of like items. The amortization expense will be debited to GLAC 742 (Furniture and Equipment Expense).

(b) On implementation of (a) above, the CAD will accelerate the depreciation for all current fixed assets with a unit cost of less than \$1,000 in order to immediately depreciate these items. The items will then be removed from the accounting records.

(2) Depreciation Adjustments. If adjustments and corrections to depreciation are needed, they will be recorded as depreciation expenses in the program, location, and department code where the fixed asset is physically located (as opposed to the asset's record location). Retained-earnings adjustments and entries to miscellaneous income and expense GLACs will not be used to adjust or correct depreciation.

(3) Abandoned or Donated Fixed Assets.

(a) CADs will remove from accounting records, fixed assets that are abandoned or donated to a host nation when an installation closes.

(b) The services division will prepare a list of abandoned or donated fixed assets to include asset number, asset description, and asset location. The list will be sent to the ASG commander who will certify that the assets have been abandoned or donated.

(c) The ASG commander will send the list and certification through the fund manager to the servicing CAD. The CAD will write off the assets.

(4) Capitalizing Labor Costs.

(a) If a fixed asset is constructed by a NAF activity, labor costs incurred by the activity, including inhouse labor, may be capitalized. In addition to actual direct labor costs, labor costs to develop, design, and manage the project may be capitalized if the costs can be directly identified to a specific project.

(b) To qualify for capitalization, the labor costs must add intrinsic value to the resulting fixed asset. Procurement and general overhead labor will not be capitalized. Similarly, a percentage add-on for inhouse overhead may not be charged to projects.

(c) Assistant and deputy assistant fund managers must request labor-cost capitalization on DA Form 4080 or AE Form 215-5Y-R and submit the request to the fund manager for approval. The form must include project name, CPMC number, and the following information for each employee: Name of employee performing the work, social security number, actual hourly labor rate, dates worked, and hours worked (timecards or timesheets should accompany the form) with total hours worked showing the total cost of labor. The cost of holiday pay, annual leave, and sick leave are not to be included in the cost of the project labor-capitalization transfer.

(d) The fund manager will send approved requests to the servicing CAD for processing. Disapproved requests will be sent to the CAD only for document control purposes. A copy furnished will be sent to the submitting activity.

(5) Repairs and Maintenance.

(a) Repairs and maintenance costs of \$2,500 or more that prolong the original estimated useful life of an asset by 2 years or more may be capitalized. The costs must have been identified for capitalization on an approved CPMC budget.

(b) Repairs and maintenance costs that do not prolong the original estimated useful life of a fixed asset will be expensed at the time the costs occur. Costs that prevent an asset from deteriorating or that return an asset to its original level of performance will be expensed as incurred. Painting, carpet cleaning, floor refinishing, bowling lane reconditioning, and vehicle repairs are examples of transactions that will be expensed as incurred. As an exception, repair and maintenance costs that do not qualify for capitalization but are \$1,200 or more may be established as prepaid expenses in GLAC 154 (Prepaid Maintenance and Repair) and prorated over the expected benefit period or 1 year, whichever is less (f below).

(6) Government-Titled Fixed Assets. The title to certain fixed assets may be transferred to the U.S. Government. If such a transfer occurs, the cost of the asset will be transferred on the accounting records to either GLAC 175 (Government-Titled Building and Improvements) or GLAC 177 (Other Government-Titled Fixed Assets). Any accumulated depreciation will be transferred to GLAC 176 (Accumulated Depreciation-Government-Titled Buildings and Improvements) or GLAC 178 (Accumulated Depreciation-Other Government-Titled Fixed Assets). Government-titled fixed assets must remain on the accounting records as long as the NAFI has use of the asset.

(7) Fully-Depreciated Fixed Assets. Once established as a fixed asset on NAF accounting records, a fixed asset must remain on the accounting records until final disposal according to AR 215-1. A fixed asset must not be removed from the accounting records simply because it has become fully depreciated.

(8) Fixed-Asset Payments. CADs will monitor DA Forms 4067-R to determine when payment has been made for items that meet fixed-asset criteria. When items are identified, the services division will provide the information in (a) through (i) below with the receiving report to establish the fixed-asset record and determine depreciation requirements.

- (a) Asset Number
- (b) Nomenclature
- (c) Location
- (d) Quantity
- (e) Date of purchase
- (f) Serial number
- (g) Fixed-asset life expectancy
- (h) CPMC project number, if applicable
- (i) Purchase order or contract number

(9) Fixed-Asset Records. The CAO will review and reconcile fixed-asset records with the services division each fiscal quarter to ensure—

(a) Fixed assets are recorded and properly depreciated.

(b) Sensitive items are added to the fixed-asset records as the services division deems appropriate.

d. Capital Commitment Account.

(1) GLAC 187 (Capital Commitment Account) is a cash reserve account used to show open obligation for NAF fixed-asset purchases. An obligation for a fixed-asset purchase occurs when activities issue a purchase order or contract. Cash will be transferred from GLAC 101 (U.S. Cash Account) to GLAC 187 in the amount of the fixed asset as purchase orders and contracts are issued. The balance in GLAC 187 will be reduced in whole or in part by

payments on these contracts. Any remaining cash will be eliminated from GLAC 187 once the purchase order or contract is completed. When a DD Form 448 is used to fund an inhouse project, the amount that may be transferred to GLAC 187 is limited to the amount specified in the implementing contract or work orders.

(2) The CAD will maintain a detailed subsidiary ledger of the balance in GLAC 187. Each line-entry in the subsidiary record must have the CPMC project number, the purchase order or contract number, date, the amount of the original obligation, and the remaining unpaid balance. All entries in the subsidiary record must be supported by a valid source document. The remaining unpaid balance total must equal the general ledger balance for GLAC 187. A copy of the subsidiary record must be sent to the Accounting Policy Division (AEAF-C-FAD-A), OSFAO, and to ODCSPER (AEAGA-RAF) within 30 days after the end of each fiscal quarter.

(3) MWR NAFIs are required to maintain GLAC 187 (Army billeting funds and other non-MWR NAFIs are not required to maintain GLAC 187). GLAC 187 may not be used as a fixed-asset sinking fund for non-MWR NAFIs. GLAC 190 (Transient Lodging Sinking Fund) will be used if non-MWR NAFIs wish to continue using a fixed-asset sinking fund.

e. Accounts Receivable.

(1) Each month, CADs will write-off accounts receivable on which no collection has been made in the previous 12 months. CADs will inform fund managers and ASG commanders in writing of these accounts. Write-off of accounts receivable does not prevent further collection action by the fund management.

(2) CADs will maintain subsidiary ledgers for all accounts receivable. CADs must support these subsidiary ledgers with the appropriate source documents. The subsidiary ledgers will be reconciled to the general ledger each month. Each month, CADs will provide fund managers a detailed aging of accounts receivable.

(3) CADs will not establish accounts receivable paid from APFs unless the transaction is supported by a valid APF contracting document. Accounts receivable for commercial sponsorship will not be recorded without an executed contract between the NAFI and the commercial sponsor. For commercial sponsorship contracts, no accounting entries will be recorded when merchandise or other non-cash items are to be received as a result of a commercial sponsor.

f. Prepaid Supplies and Expenses.

(1) Prepaid Supplies.

(a) Accountability for balances maintained in GLAC 151 (Prepaid Supplies and Equipment), GLAC 155 (Prepaid Tableware, Kitchenware, Linens, and Uniforms), or GLAC 156 (Prepaid Bingo Prizes), generally must be established through stock records. An end-of-month inventory is required to substantiate balances of prepaid supplies. If an activity does not submit the required inventory, any remaining balance will be charged to expense.

(b) As an alternative to maintaining stock records, large purchases of bulk supplies may be established as prepaid supplies in GLAC 151 or GLAC 155, and then be amortized over the period of expected use or one year, whichever is less. To qualify for this method, each bulk supply line item must consist of identical items with a total cost of \$300. The monthly amortization for each line item must be at least \$100.

(c) In addition to (a) and (b) above, the initial issue of china, glassware, tableware, linens, and similar items for a new facility may be established as a prepaid supply and amortized over a period not to exceed 12 months. To qualify for amortization, the items must be on hand when the facility opens.

(2) Prepaid Expenses.

(a) Certain expenses generally are paid in advance. These expenses may include property and equipment rentals, insurance, certain taxes, Department of Defense Dependents Schools (DODDS) tuition, and maintenance contracts. If an expenditure results in a contract to provide services that extend over several accounting periods, the expenditure may be established as an asset in GLAC 152 (Prepaid Taxes and Licenses), GLAC 153 (Prepaid Insurance), GLAC 154 (Prepaid Maintenance and Repair), GLAC 157 (Prepaid Rent), or GLAC 160 (Miscellaneous Other Prepaid Expenses). The resulting assets will be amortized over the period of the contract.

(b) Certain repair and maintenance expenditures and certain start-up expenses for a new facility may be established as a prepaid expenses, and amortized over a period not to exceed 24 months. To qualify for the longer amortization period, the expenditure must exceed \$5,000 and the expected benefit period must exceed 24 months. Requests to amortize items meeting these criteria will be sent through the USAREUR one-fund manager to the Accounting Policy Division (AEAFC-FAD-A), OSFAO, for approval. Approval will be on an individual basis.

Amortization periods greater than 12 months will not be initiated without the written approval of the Accounting Policy Division, OSFAO. Requests for a 24-month amortization period must contain an explanation and justification along with supporting documents.

(3) Materiality. Materiality must be considered when establishing balances for prepaid supplies or expenses. For individual prepaid expense items, if the resulting monthly amortization will be less than \$100, the transaction will be expensed in its entirety in the current month. A subsidiary record will be maintained for prepaid supply and prepaid expense GLACs. The subsidiary will be reconciled with the general ledger every month.

16. CONCESSIONAIRE OPERATIONS AND COMMUNITY FESTS

a. Concession income will be recorded in program code RP (Fund Administration), department code G1 (Administration), unless there is a clear and direct relationship between the concession income and an activity. In order to show a clear and direct relationship, the activity must provide substantial administrative or logistic support to the concessionaire.

b. A clear and direct relationship between a concession and an activity is different than an intrinsic department of a NAF facility being operated as a concession. When an intrinsic department of a NAF facility is operated as a concession, concessionaire fees or operational revenue will be recorded in the applicable program, location, and department code using GLAC 502 (Concessionaire Commission Income) or in the applicable operational revenue GLAC. Examples of this type of concession operation would include the dining room at a club or the pro shop at a golf course.

c. Revenue from concession vending machines will be recorded in department code G1 of the vending machine location. Activities that have incidental involvement such as contract oversight and cash collection will not receive vending machine revenue.

d. Community fest revenue, including carnival-concessionaire income and beer-tent concessionaire income, will be recorded in program code LV (Other Category C Activities). Fest revenue will not be allocated or prorated among activities. Expenses directly associated with the fest will also be recorded in program code LV. (An exception is an activity that operates a fest facility using only its own labor and other internal resources. Revenues and expenses from these activities may be recorded in the program and location code for that activity, with department code 16 (Mobile Snack Bars) being used for all food operations and department code 5K (Carnival Activities) for all beverage operations.)

17. EMPLOYEE-SEPARATION LIABILITY AND SINKING FUND

a. Based on FMD and civilian personnel office calculations, the CAD will accrue the most reasonable and probable separation liability expected to be paid in the future.

(1) The entries to accrue separation liability for NAF employees are—

Debit GLAC 624 (Other Benefits—U.S. Employees)
Credit GLAC 270 (U.S. Employee Allowance Payable)

(2) The entries to accrue separation liability for foreign national employees are—

Debit GLAC 619 (Foreign National Employee Separation Payable)
Credit GLAC 271 (Foreign National Employee Allowance Payable)

b. Separation liability entries will be recorded in the program, location, and department codes where the employee is assigned.

c. A balance will be established in GLAC 188 (Employee Separation Sinking Fund) concurrent to establishing liability.

d. The balances in GLAC 270 and GLAC 271 will be reviewed each quarter to ensure they represent projected employee-separation actions.

18. LAYAWAY SALES

CADs will record layaway sales as prescribed in DOD 7000.14-R, volume 13, paragraph A0613. Procedures for layaway sales of firearms are an exception and will be done as follows:

a. Deposits and periodic payments for firearms will be recorded as a deposit payable until the final payment is made. When the final payment is made, the sale will be recorded and the firearm will be dropped from the inventory records. The general ledger entries for the sale of firearms under a layaway plan are as follows:

(1) The entries to record receipt of initial payment are—

Debit GLAC 101 (U.S. Cash Account)
Credit GLAC 202 (Deposits Payable)

(2) The entries to record an incremental layaway payment are—

Debit GLAC 101 (U.S. Cash Account)
Credit GLAC 202 (Deposits Payable)

(3) The entries to record receipt of final payment are—

Debit GLAC 101 (Cash)
Debit GLAC 202 (Deposits Payable)
Credit GLAC 303 (Layaway Sales)

b. A separate subsidiary ledger will be maintained in GLAC 202 for layaway sales of firearms. This subsidiary ledger will be kept in alphabetical order by the customer's last name. The ledger will show the details of payments and be supported by the layaway contract and duplicate payment receipts.

19. PURCHASE ORDERS, RECEIVING REPORTS, AND VENDOR INVOICES

a. CADs will make payments to commercial vendors only after receipt of—

(1) A properly executed DA Form 4067-R or other properly executed contracting document.

(2) A receiving report with valid signature.

(3) A correct invoice.

b. Contracting officers will ensure that modifications, if required, are issued properly according to AR 215-4. The CAD, in coordination with the ordering activity, will ensure that contracting officers are notified if invoices are received for more than the amount authorized by the purchase order, if unit prices are greater than contracted, or if quantities received are more than ordered. Pending receipt of proper modification, CADs may pay invoices up to the unit price, the total contract amount, or the quantity originally authorized by the purchase order if the receipt is properly documented on the receiving report. AR 215-4, paragraph 5-61, has quantity-variation guidance, and paragraph 5-62d, has free-on-board (FOB) guidance.

c. NAF contracting offices will provide CADs with copies of valid contract warrants to document contracting authority and limits of contracting personnel.

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d. After merchandise has been received, inspected, and counted, the chief, services division, will ensure that the quantity is entered on the receiving report and on DA Form 1991 (Stock Record Card) (if maintained by the services division or other department) or NAF property records, as applicable. The chief, services division, will send the signed receiving report to the CAD. The CAD will compare and reconcile the receiving report against the DA Form 4067-R and the vendor's invoice, and will verify the signatures against valid DA Forms 577 on file. If documents are in order, the CAD will prepare a voucher and approve payment.

e. Receiving reports may vary depending on the delivery instructions in DA Form 4067-R, item 7. General receiving report guidelines are as follows:

(1) When terms are "FOB origin," the receiving report is the bill of lading and is signed by the common carrier at the time goods are delivered or transferred to the common carrier at the factory. Payment to the supplier must be made according to the contract terms or as specified by the Prompt Payment Act (PPA) (para 20), whichever is more restrictive. Payment is usually due before goods are received at the final destination.

(2) When terms are "FOB other," the place of delivery must be specified. "FOB other" is generally used when goods are moved through the Defense Transportation System (DTS). The receiving report is a copy of an SF Form 1103 (U.S. Government Bill of Lading-Original) signed by a DTS representative. Payment to the supplier must be made as stated in (1) above and is usually payable before goods are received at the final destination, if proper documentation is submitted.

(3) When terms are "FOB destination," payment is made on receipt of goods at the final destination as documented on the signed receiving report.

(4) Payment that is based on an "acceptance on port of embarkation by a common-carrier bill of lading" or an SF Form 1103, is not advance payment. Advance payment means payment is made by a check that accompanies the purchase order (para 14e). Payment will be made only before the receipt of goods at the final destination when specified in DA Form 4067-R, block 7, or according to the terms of the contract.

(5) Postal receipts initialed by a U.S. Postal Service representative qualify as a receiving report for payment to suppliers before receipt of goods at the final destination when specified on DA Form 4067-R, block 7. (For ex-

ample, block 7 could read "Prepaid/Insured—Deliver to Closest U.S. Postal Service Office.")

(6) A General Services Administration (GSA) contract or other prenegotiated contract (for example, a basic ordering agreement (BOA)) will follow the terms of delivery of the basic contract. An understanding of these prenegotiated delivery terms is critical to the procurer and to the CAD so that the supplier can be paid promptly. The same rules for payment discussed in (1), (2), or (3) above apply to GSA (and BOA) contracts if delivery through the DTS or to the U.S. Postal Service is specified in the contract.

f. CADs will attach purchase orders, original receiving reports, and original invoices to the disbursement voucher when the voucher is approved for payment. The disbursement voucher and attachments will be filed according to AR 25-400-2.

g. CADs will review blanket purchase agreements (BPAs) for expiration dates. CADs will ensure that invoices received against BPAs include only those items authorized under the BPA and that invoice terms agree with the BPA.

20. PPA

a. Congress enacted the PPA to—

(1) Promote timely payments and better business relationships with contractors.

(2) Improve competition for Government business.

(3) Reduce contracting costs.

b. The PPA generally applies to U.S. and foreign vendors.

c. To comply with the PPA, NAF activities that receive goods must process receiving reports promptly. CADs must pay invoices when they are due or pay the appropriate interest penalty. CADs will follow up on invoices requiring payment that do not have receiving reports. NAF managers will respond to vendor concerns by ensuring that CADs receive the necessary documents for payment.

21. RECORDING EMPLOYEE BENEFITS EXPENSES

Employee labor and benefit expenses will be recorded in the program, location, and department code where the employee works. Benefit expenses include permanent change of station costs, non-temporary storage of household goods costs, renewal agreement travel costs, DODDS tuition costs, and deceased-employee costs. Labor and benefits costs will be recorded in the appropriate operating expense GLAC.

22. FINANCIAL STATEMENT ERRORS

a. Requests for prior-period adjustments (adjustments to GLAC 292 (Retained Earnings)) will be submitted to the Office of the Staff Finance and Accounting Officer, HQ USAREUR/7A (AEAF-C-FAD-A), Unit 29001, APO AE 09007, for determination. Prior-period adjustment requests must document and explain the basis for the request. The Defense Finance and Accounting Service, Indianapolis Center has delegated authority to approve prior-period adjustments to the Accounting Policy Division, OSFAO. This authority cannot be further delegated.

b. In addition to the criteria for prior-period adjustments established in DOD 7000.14-R, volume 13, paragraph A1004, approval for an adjustment will not be granted if the error—

(1) Resulted from the late submission of a document.

(2) Resulted from a manager's failure to advise the CAD of important information.

(3) Resulted from a failure to follow regulatory or published policy guidance.

(4) Could be expected to be discovered during a management review of preliminary financial statements.

c. Errors that do not qualify for retained-earnings adjustments should be corrected in the GLAC and in the program, location, and department codes to which the expense or revenue is normally recorded. Normally errors should not be corrected in miscellaneous expense or revenue GLACs.

d. Prior-year expenses or revenue will be recorded in the GLAC and in the program, location, and department codes that would have been used had the transaction been recorded in the correct fiscal year. An exception would be a prior-year transaction that would seriously distort current-year financial results. This type of transaction may be recorded in program code RP (Fund Administration), if approved by the one-fund manager and the CAO. Requests to record a prior-year transaction in program code RP will be submitted through the one-fund manager to the servicing CAD. The CAO and the one-fund manager will not approve a prior-year transaction if the transaction was not recorded in the correct fiscal year due to the activity manager's failure to provide the necessary information or documents. A copy of these approved requests will be provided to the Accounting Policy Division, OSFAO.

23. INVENTORY PROCEDURES AND CONTROLS

a. The fund manager or assistant fund manager is responsible for maintaining and controlling sensitive-item inventories.

b. The CAD is responsible for developing and monitoring yearly inventory schedules (disinterested and fund-performed) with the chief, services division. The CAD will send a copy of the final inventory schedule to the fund manager for review or approval.

c. Commanders will appoint disinterested inventory teams. Appointment orders will state that the team leader or designated appointee will be available through completion of the inventory reconciliation until released by the CAD.

d. CADs will ensure disinterested-inventory-team appointment orders, CAD inventory briefing documents, completed inventory reconciliation documents, and other documents related to the disinterested inventory are filed according to AR 25-400-2. Other documents related to the disinterested inventory include investigations or statements made by the chief, services division, or the disinterested inventory team chief. This regulation, appendix C, provides formats for inventory briefings. The CAD will provide a copy of the briefing statement to each inventory team member.

e. The chief, services division, or the disinterested inventory team chief assigned to take a fixed-asset physical inventory, will complete the reconciliation within 20 workdays from the date of completion of the inventory count. If a formal investigation is required according to AR 215-1, the balance sheet will be adjusted and, pending final decision, footnoted with the following statement: "Fixed assets written off in the amount of \$— pending completion of a formal investigation." This footnote will be written only on the first financial statement after the adjustment is made, even if the investigation is still in process.

f. The disinterested inventory team chief will sign the inventory statement. The CAO will initial the "completed inventory" block and send the signed copy of the inventory statement to the chief, services division. The CAD will advise the one-fund manager and the ASG commander in writing of all discrepancies revealed during inventories.

24. CAPITAL REINVESTMENT ASSESSMENT

a. Revenue GLACs included in the capital reinvestment assessment (CRA) calculation are the entire 300 series, the entire 500 series, GLACs 801 thru 825, and GLAC 892. Although GLAC 307 (Interfund Transaction Sales) and

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GLAC 598 (Interfund Transaction Revenue) represent revenue derived from other MWR activities, they must be included in the CRA calculation.

b. CRA requirements are generally applicable to all MWR activities. Excluded from the CRA calculation are Army billeting funds; the USAREUR Vehicle Registry Fund; the USAREUR Banking and Investment Program; 266th FINCOM CAD revenue derived solely from services provided to MWR activities; NAF civilian personnel office revenue derived solely from services provided to MWR activities; and 22d ASG CAD revenue.

25. FOREIGN CURRENCY TRANSACTIONS

a. Operating departments (for example, bar, dining room, snack bar) authorized to accept foreign currencies in payment for goods and services may record any currency gain or loss in that department. The gain or loss will be recorded in GLAC 828 (Loss or Gain on Foreign Currency Transactions). The calculation of the gain or loss will be based on the difference between the monthly NAF exchange rate published by the Accounting Policy Division and the exchange rate charged to customers.

b. Gains or losses on foreign currency that result from the monthly revaluation of accounting records or from the courtesy sales of foreign currencies to customers will continue to be recorded at fund-administration level.

c. Activities accepting foreign currency as payment for goods or services must make change in the same foreign currency. Change may not be returned in dollars. As such, activities accepting foreign currency payments must maintain a separate change fund and foreign currency accountability for each cashier accepting the foreign currency.

d. Current assets (for example, cash, petty cash, change funds) and current liabilities in a foreign currency will be revalued at the end of each accounting period. The exchange rate to be used in the revaluation is the published exchange rate that will be in effect for the following month.

26. UNIT LOUNGES

a. The CAD will account for unit lounges as a minor income producing activity, program code LD, locally assigned location code, department code 5J, and appropriate GLAC.

b. The unit lounge custodian will report daily activity on AE Form 215-5I-R (Nonappropriated Fund Merchandise Control Record for Unit Lounges).

27. GUESTHOUSE RECEIVABLE PROCEDURES

The procedures detailed DOD 7000.14-R, volume 13, paragraph A040202, will be used to record and reconcile guesthouse accounts receivable.

APPENDIX A REFERENCES

SECTION I REFERENCES

Prompt Payment Act, Public Law 97-258, 1982

Joint Federal Travel Regulations, Volume I

Joint Travel Regulations, Volume II

AR 11-2, Management Control

AR 11-37, Army Finance and Accounting Quality Assurance Program.

AR 25-50, Preparing and Managing Correspondence

AR 25-400-2, The Modern Army Recordkeeping System (MARKS)

AR 210-1, Private Organizations on Department of the Army Installations and Official Participation in Private Organizations

AR 215-1, Nonappropriated Fund Instrumentalities and Morale, Welfare, and Recreation Activities

AR 215-3, Nonappropriated Funds Personnel Policies and Procedures

AR 215-4, Nonappropriated Fund Contracting

DOD 7000.14-R, volume 13, Nonappropriated Funds Policy and Reporting Procedures

USAREUR Regulation 210-1, Private Organizations on Department of the Army Installations

USAREUR Regulation 215-3, Nonappropriated Fund Personnel Policy and Procedures

USAREUR Pamphlet 690-60/USAFE Pamphlet 40-31, Tariff Agreements That Apply to Persons Employed by the U.S. Forces in Germany

USAREUR Regulation 690-69, Local National Employment Policy in the Federal Republic of Germany Tariff Implementation and Overtariff Conditions

SECTION II PRESCRIBED USAREUR FORMS

*DA Form 1992 (Nonappropriated Fund Receipt Voucher)

DA Form 1993 (Nonappropriated Fund Petty Cash Summary Voucher)

DA Form 1994 (Petty Cash Voucher)

DA Form 4082 (Daily Cashier's Record)

*DA Form 4083-R (Vending or Amusement Machine Collections)

DA Form 5069 (Employee Meal Register)

AE Form 215-5B-R (Transmittal Letter for Submission of Accounts Payable Documents)

AE Form 215-5C-R (Transmittal Letter for Submission of Daily Activity Reports/Miscellaneous Documents)

AE Form 215-5I-R (Nonappropriated Fund Merchandise Control Record for Unit Lounges)

*AE Form 215-5M-R (Nonappropriated Fund Collection Record)

*AE Form 215-5N-R (Nonappropriated Fund Bingo Activity Report)

*AE Form 215-5O-R (Nonappropriated Fund Record of Currency Conversion)

AE Form 215-5P-R (Nonappropriated Fund Transaction Voucher)

AE Form 215-5S-R (Monthly Bowling Activity Report)

*AE Form 215-5T-R (Locker Rental Control Card)

AE Form 215-5U-R (Manager's Daily Sales Report)

*AE Form 215-5V-R (Scoresheet Register)

AE Form 215-5W-R (Daily Activity Record)

*AE Form 215-5Y-R (Nonappropriated Fund requisition and Invoice/Shipping Document Transfers Between Activities)

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*AE Form 215-5Z-R (Shoe Signature Register)

*Will be prenumbered by fund managers and controlled by the central accounting division.

SECTION III RELATED FORMS

DD Form 139 (Pay Adjustment Authorizations)

DD Form 448 (Military Interdepartmental Purchase Request)

DD Form 577 (Signature Card)

DD Form 1588 (Record of Travel Payments)

DA Form 1991 (Stock Record Card)

DA Form 4065-R (Army NAF Purchase Request)

DA Form 4067-R (Order for Supplies or Services/Request for Quotations (NAF))

DA Form 4850 (Nonappropriated Funds Time and Attendance Report)

DA Form 4850-1-R (Nonappropriated Funds Time and Attendance Supplement Report)

SF 1103 (US Government Bill of Lading—Original)

IRS Form W-2G (Statement of Gambling Winnings)

IRS Form 1096 and 1099 (Report of Withholdings From Personal Services Contracts)

APPENDIX B

CENTRAL ACCOUNTING OFFICER'S STATEMENT OF FUND TRANSFER

Figure B-1 is a sample statement of fund transfer by the outgoing and incoming central accounting officers (CAOs).

LOCATION OF CENTRAL ACCOUNTING DIVISION (CAD) AND NONAPPROPRIATED FUND INSTALLATION STANDARD
NONAPPROPRIATED FUND INSTRUMENTALITY (NAFI) NUMBER: _____
TRANSFER OF ACCOUNTABILITY DATE: _____

PART I. STATEMENT BY THE OUTGOING CENTRAL ACCOUNTING OFFICER

This is to state that I, the outgoing Central Accounting Officer (CAO), _____ (name) _____:

1. Informed the financial institution (that maintains checking and other accounts) in writing of the transfer date of signature authority and the last check number bearing my signature for each account maintained.
2. Obtained the bank statements and canceled checks made available by the servicing bank for NAFI activities serviced by the CAD. These statements were reconciled to the general ledger accounts of the respective NAFI as of _____ (date) _____.
3. Performed (or had performed) a complete inventory of hand-receipted CAD nonappropriated fund and appropriated fund fixed assets or controlled property, or both, as of _____ (date) _____.
4. Observed other performances as enclosed (specify and include dates):

Enclosure

_____(signature)_____
SIGNATURE BLOCK
OF OUTGOING CAO

PART II. STATEMENT BY INCOMING CENTRAL ACCOUNTING OFFICER

This is to state that I, the incoming CAO (acting or interim), _____ (name) _____:

1. Informed the financial institution (that maintains the checking and other accounts) in writing of the transfer date of signature authority, and provided them with required signature specimens and the first check number bearing my signature for each account maintained.
2. Have examined all bank statements and am confident that the general ledger accounts for NAFI activities serviced are properly reconciled.
3. Have verified all blank checks on hand.
4. Observed the count of the CAD petty cash fund (if applicable) as of _____ (date) _____.
5. Performed (or am otherwise satisfied with) the inventory of hand-receipted CAD nonappropriated fund and appropriated fund fixed assets or controlled property, or both, as of _____ (date) _____.
6. Observed other performances as enclosed (specify and include dates):
7. Noted deficiencies as enclosed (if none, so state):

Enclosure

_____(signature)_____
SIGNATURE BLOCK
OF INCOMING CAO

*Figure B-1. Sample Statement of Fund Transfer

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APPENDIX C
FORMATS FOR DISINTERESTED INVENTORY BRIEFINGS

C-1. RESALE MERCHANDISE AND PREPAID SUPPLIES INVENTORY

The central accounting officer (CAO) will provide a copy of a briefing statement for resale merchandise and prepaid supply inventories to each inventory team member (fig C-1). The CAO should prepare the briefing as a memorandum. Figure C-2 is a sample enclosure to the briefing statement.

1. Reference DOD 7000.14-R, volume 13, appendix A (Nonappropriated Funds Accounting Policy and Reporting Procedures).
 2. Individuals appointed as the team chief or members of the disinterested inventory team for the physical inventory of resale merchandise and prepaid supplies for _____ (department) _____ will follow the guidelines in this memorandum.
 3. An accurate inventory count is absolutely essential to the success of the disinterested inventory. The inventory sheets provided include the nomenclature of the items in the central accounting division records and a blank column for quantity. The department manager and the chief, services division, will ensure that the proper nomenclature is shown on the inventory sheets.
 4. Only merchandise on hand that is available for resale or supplies that are available for issue will be counted. Merchandise on customer layaway is not considered available for resale and is not counted.
 5. The department manager will help team members locate items and will answer questions as needed.
 6. Warehouses, storerooms, and retail activities will not open for business until the inventory is complete. If merchandise is delivered during the inventory, it should not be included in the count unless a receiving report has been prepared and submitted to the central accounting office showing that items received were accepted on or before the last day of the month being inventoried. Attach copies of receiving reports to inventory count sheets if applicable.
 7. The inventory team will:
 - a. Work in groups of two (one person counting and one person recording the count on the inventory sheets).
 - b. Neatly and accurately complete the inventory sheets. (These sheets are official accounting documents.)
 - c. Make entries on the inventory sheet in black or blue ink. If an error is made, neatly line through the entry with a single line and enter the correct quantity. Both team members (counter and recorder) must initial the correction.
 - d. Not leave any lines blank. If an item cannot be found, a zero should be entered in the quantity column of the inventory sheet.
 - e. Take a "wall-to-wall" inventory. It is not necessary to count items in the order they are shown on the inventory sheet since some items may be located in more than one place. It is more important to ensure all items are counted even if they are not shown on the sheet.
 - (1) Warehouse Inventories. Within warehouse areas, begin by counting items at one end of a shelf and count all items on that shelf. Items should generally be in the same order as shown on the inventory sheets.
 - (2) Retail Activity Inventories. Retail activities will be inventoried in the same manner as warehouse inventories. Items may not be found in the same order as shown on the inventory sheets.
 - f. Reconcile the physical inventory count to the activity's DA Forms 1991 (Stock Record Cards) (if available) or other accounting records immediately on completion of the count. Reconciliation involves comparing the physical count with the quantities listed in the accounting records and identifying any differences.
 - (1) The warehouse, storeroom, or retail activity will not reopen until the reconciliation is complete.
 - (2) Differences between the physical count and DA Forms 1991 (or other accounting records as applicable) will be researched. Items will be recounted if necessary.
-

***Figure C-1. Sample Resale Merchandise and Prepaid Supplies Inventory Briefing**

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(a) DA Forms 1991 will be adjusted to agree with the physical count and annotated in red ink "PER PHYSICAL INVENTORY."

(b) Adjustments required will be listed on the inventory sheets.

g. Extend the inventory sheets (quantity times unit cost) on completion of the inventory reconciliation. If an error is made in the extensions, line through the error with a single line and enter the proper figure above it. Both team members will initial in the margin by the correction.

h. Prepare an inventory statement on completion of the inventory reconciliation and extensions. The statement will be signed by the inventory team leader, each team member, the department manager, and the central accounting officer. Team members will not be released until the inventory statement is completed and signed. A sample inventory statement is at enclosure 1.

8. Inventory team members will sign below after reading this memorandum and receiving the oral inventory briefing from the central accounting office representative:

BRIEFING STATEMENT

BUSINESS: _____

LOCATION: _____

DEPARTMENT: _____

We, the undersigned, state that we were briefed on our responsibilities and the proper procedures for conducting a disinterested physical inventory during the period of _____. We understand that no pass or leave may be taken during this period unless authorized by the central accounting officer.

PRINTED NAME

SIGNATURE

UNIT

TELEPHONE NUMBER

BRIEFING OFFICIAL'S NAME, SIGNATURE, AND DATE:

Encl

***Figure C-1. Sample Resale Merchandise and Prepaid Supplies Inventory Briefing—Continued**

***This format will be used only as a guide and will not be printed, reproduced, or stocked.**

INVENTORY STATEMENT

FOR (DEPARTMENT NAME) DISINTERESTED INVENTORY

BUSINESS _____ LOCATION _____ DEPARTMENT _____

1. We, the undersigned, state that to the best of our knowledge, a complete and accurate disinterested physical inventory has been taken. All known discrepancies between actual inventory counts and DA Form 1991 (when maintained) have been reconciled, corrections made if necessary, and reconciled quantities extended.

2. The attached inventory sheets accurately reflect the value of the activity's inventory at \$ ____ as of __ (date) __.

3. The following information concerning adjustments required is shown on the enclosed sheet:

a. Stock number:

b. Item description:

c. Unit cost (\$):

d. Physical count:

e. Stock record balance:

f. Quantity over or short:

g. Dollar value over or short (unit cost times quantity over or short):

4. Signatures:

a. Central Accounting Officer: _____ date _____

b. Department Manager: _____ date _____

c. Team Leader: _____ date _____

d. Team Members: _____ date _____

_____ date _____

_____ date _____

Encl

***Figure C-2. Sample Inventory Statement (Enclosure 1 to the Resale Merchandise and
Prepaid Supplies Inventory Briefing)**

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C-2. FIXED ASSET INVENTORY

The CAO will provide a copy of a briefing statement for fixed inventories (fig C-3) to each inventory team member. The CAO should prepare the briefing as a memorandum. Figure C-4 is a sample enclosure to the briefing statement.

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1. Reference DOD 7000.14-R, volume 13, appendix A (Nonappropriated Funds Accounting Policy and Reporting Procedures).
 2. Individuals appointed as the team chief or members of the disinterested inventory team for the physical inventory of fixed assets for _____ (name of fund) _____ will follow the guidelines in this memorandum.
 3. An accurate inventory count is absolutely essential to the success of the disinterested inventory. The inventory sheets that are provided include the nomenclature and asset number of items on the central accounting division property records and a blank column for quantity. The chief, services division, will ensure proper nomenclature and asset numbers are shown on the inventory sheets.
 4. All nonappropriated fund (NAF) property with a unit cost of over \$1,000 and a useful life of 2 years or more, as well as property with a unit cost of less than \$1,000 that has been identified as sensitive, is shown on the attached inventory sheets. Asset number, description, and other pertinent information also is shown on the inventory sheets. All property described above must be labeled. During the disinterested inventory, each item of property must be identified by asset number and serial number (when available). In addition, the disinterested inventory team is responsible for determining whether or not:
 - a. The property is permanently marked with the asset number.
 - b. The asset number is legible.
 - c. The property is in serviceable condition.
 - d. The items of NAF property are marked and entered on the inventory sheets.
 5. The chief, services division, will assist team members in locating items and answering questions as needed.
 6. The inventory team will:
 - a. Work in groups of two (one person counting and one person recording the count on the inventory sheet).
 - b. Neatly and accurately complete the inventory sheets. (These sheets are official accounting documents.)
 - c. Make entries on the inventory sheet in black or blue ink. If an error is made, neatly line through the entry with a single line and enter the correct quantity. Both team members (counter and recorder) will initial the correction.
 - d. Not leave any lines blank. If an item cannot be found, a zero should be entered in the quantity column of the inventory sheet.
 - e. Count like items in a room or area together to ensure a correct count. If a piece of property is found that is not listed on the inventory sheets but appears to have a value over \$1,000, the inventory team will verify with the chief, services division, whether the item is fund-owned before picking it up as a discrepancy. The chief, services division, is required to keep a listing of Government-owned property on hand and should be able to show a hand receipt or other document for items that are alleged to be borrowed, loaned, being repaired, or rented.
 - f. Compare and reconcile items and unit prices on the completed fixed asset inventory with those on the central accounting office property records. Reconciliation involves comparing the physical count with the quantities listed in the central accounting office property records and identifying differences. Formal investigation of losses will be performed according to AR 215-1, appendix L.
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*Figure C-3. Sample Fixed Asset Inventory Briefing

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g. Extend the inventory sheets (quantity times unit cost) on completion of the inventory reconciliation. If an error is made in the extensions, line through the error with a single line and enter the proper figure above it. Both team members will initial in the margin by the correction.

h. Prepare an inventory statement on completion of the inventory reconciliation and extensions. The statement will be signed by the inventory team leader, each team member, the chief, services division, and the central accounting officer (CAO). Team members will not be released until the inventory statement is completed and signed. A sample inventory statement is at enclosure 1.

7. Inventory team members will sign below after reading this memorandum and receiving the oral inventory briefing from the CAO representative:

BRIEFING STATEMENT

FUND NAME AND STANDARD NONAPPROPRIATED FUND INSTRUMENTALITY NUMBER:

We, the undersigned, state that we were briefed on our responsibilities and the proper procedures for conducting a disinterested physical inventory during the period of _____. We understand that no pass or leave may be taken during this period unless authorized by the central accounting officer.

PRINTED NAME

SIGNATURE

UNIT

TELEPHONE NUMBER

BRIEFING OFFICIAL'S NAME, SIGNATURE, AND DATE:

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***Figure C-3. Sample Fixed Asset Inventory Briefing—Continued**

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INVENTORY STATEMENT

FOR _____ (FUND NAME) _____ DISINTERESTED FIXED ASSET INVENTORY

BUSINESS _____ LOCATION _____ DEPARTMENT _____

1. We, the undersigned, state that to the best of our knowledge, a complete and accurate disinterested physical inventory has been taken. All known discrepancies between actual inventory counts and the central accounting office property records have been reconciled, corrections have been made if necessary, and reconciled quantities have been extended.

2. The attached inventory sheets accurately reflect the value of the fund fixed asset and sensitive item inventory at \$ _____ as of _____ (date) _____.

3. The following information concerning adjustments required is shown on the enclosed sheet:

- a. Item description:
- b. Unit cost (\$):
- c. Physical count:
- d. Property control record balance:
- e. Quantity over or short:
- f. Dollar value over or short (unit cost times quantity over or short):

4. Summary of Inventory Results:

- a. Physical count (\$):
- b. Accounting records (\$):
- c. Variance (over or short) (\$):

5. Signatures:

a. Central Accounting Officer _____	date _____
b. Chief, Services Division _____	date _____
c. Team Leader _____	date _____
d. Team Member _____	date _____
e. Team Member _____	date _____
f. Team Member _____	date _____

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***Figure C-4. Sample Inventory Statement (Enclosure 1 to the
Fixed Asset Inventory Briefing)**

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USAREUR Reg 215-5

GLOSSARY

ABBREVIATIONS

266th FINCOM	266th Finance Command	FOB	free on board
APF	appropriated fund	GLAC	general ledger account code
ASG	area support group	GS	general schedule
BOA	basic ordering agreement	GSA	General Services Administration
BPA	blanket purchase agreement	HQ USAREUR/7A	Headquarters, United States Army, Europe, and Seventh Army
CAD	central accounting division	IRS	Internal Revenue Service
CAO	central accounting officer	MWR	morale, welfare, and recreation
CPMC	capital purchase and minor construction	NAF	nonappropriated fund
CRA	capital reinvestment assessment	NAFI	nonappropriated fund instrumentality
DA	Department of the Army	ODCSPER	Office of the Deputy Chief of Staff, Personnel, HQ USAREUR/7A
DAR	daily activity records	OSFAO	Office of the Staff Finance and Accounting Officer, HQ USAREUR/7A
DD	Department of Defense (forms)	PPA	Prompt Payment Act
DOD	Department of Defense	SF	standard form
DODDS	Department of Defense Dependents School	TDY	temporary duty
DTS	Defense Transportation System	TL	transmittal letter
FMD	financial management division	USAREUR	United States Army, Europe
		VAT	value-added tax